

TRADE POLICY HIGHLIGHTS

PRELIMINARY SAFEGUARD INVESTIGATIONS UNDERWAY IN JAPAN

The Japanese Ministry of Agriculture Forestry and Fisheries (MAFF) has initiated preliminary safeguard investigations on several agricultural products, including sawn wood and laminated lumber, in response to rising imports and pressure from the Japanese Diet and Japanese industry. It is believed that if the preliminary investigations show that imports have caused or threaten to cause serious injury to the industries in question, MAFF will notify the WTO that it intends to initiate formal investigations. On April 10, 2001, the Government of Japan approved the implementation of provisional safeguard measures on Welsh onions, fresh shiitake mushrooms, and tatami-omote mat for 200 days, beginning April 23, with out-of-quota tariff rates of 256 percent, 266 percent, and 106 percent, respectively.

MEXICO TO REDUCE REFERENCE PRICE FOR PLYWOOD

An agreement was reached in early May whereby Hacienda (Mexican Customs) is expected to reduce in the coming weeks the reference price for many grades of plywood by almost one-third, bringing the reference price in-line with the market price. On October 1, 2000, Mexico began requiring importers to make a cash deposit equal to the difference in duties and taxes between the reference price and the invoice price (including transportation costs and broker's fees) until such time as the importer can verify the invoice price. Importers have scaled back their purchases or stopped buying plywood in recent weeks because of the disparity between the reference price and the invoice (market) price. The regulation is intended to combat under invoicing.

UN FORUM ON FORESTS TO MEET

The newly established United Nations Forum on Forests (UNFF) will meet in New York, June 11-22, 2001. This marks the first substantive meeting of the UNFF. Agenda items include the adoption of a multi-year program of work and the development of a plan of action for the implementation of the proposals for actions coming out of the U.N. Intergovernmental Panel on Forests and the U.N. Intergovernmental Forum on Forests.

CHINA TO REQUIRE TREATMENT OF IMPORTED LOGS

On February 6, China announced that it will begin requiring certification (phytosanitary certificates) that logs are pest-free and logs with bark have been treated (e.g. fumigation, heat treatment) prior to import, beginning July 1, 2001. As of June 2001, treatment regimes have yet to be specified, nor is it clear whether July 1 refers to the date of shipment or the date of arrival.

NORDIC TIMBER COUNCIL STEPS UP PROMOTIONAL ACTIVITIES IN THE UNITED KINGDOM

The Nordic Timber Council (NTC) has launched two major promotional campaigns in the United Kingdom, "Nordicfirst", and "wood.for good". An estimated \$7.3 million will be spent in 2001, with approximately \$6.4 million coming from the NTC and the remainder from local British organizations, to promote increased consumption of solid wood products, specifically Nordic spruce and pine.

CVD/AD PETITIONS FILED FOLLOWING EXPIRATION OF SOFTWOOD LUMBER AGREEMENT

On April 2, 2001, the Coalition for Fair Lumber Imports and various other industry groups filed countervailing and antidumping petitions with the Department of Commerce and the International Trade Commission (ITC) alleging among other things that provincial governments are providing standing timber (stumpage) to Canadian softwood lumber producers at "far below the market price" and that Canadian producers are dumping softwood lumber into the United States at less than the cost of production. On May 16, the ITC made its preliminary injury determination, finding there is reasonable indication that U.S. industry is being threatened by imports of Canadian softwood lumber. The DOC is scheduled to make its preliminary determination regarding a countervailing duty on July 27 (this date was extended from June 27), and antidumping margins on September 10.

U.S. AND JAPAN MEET TO DISCUSS WOOD PRODUCTS TRADE AND HOUSING

The Wood Products Subcommittee (established under the 1990 U.S.-Japan Wood Products Agreement) met in Washington, DC, May 16, 2001, to review and discuss bilateral wood products trade and trade-related issues, including possible safeguard actions by Japan in the wood products sector. This was followed by a meeting of the Housing Experts Group, a sectoral group under the U.S.-Japan Enhanced Initiative on Deregulation and Competition Policy, where a wide-range of housing-related issues were taken up. Much of the discussion focused on the continued need for transparent, performance-based building standards in Japan; steps being taken by Japan to increase the sales of existing homes; and the status of the United States' request for a determination of equivalency as it regards its wood products standards system, a prerequisite for U.S. entities making application to function as a Registered Grading/Certification Organizations in Japan. Canada was recognized as having an equivalent wood products standards system on March 9, 2001.